

## University of Utah Non-Employee Payments to Nonresident Aliens

(Revised 5/18)

### GLACIER is required:

GLACIER is a secured web-based Nonresident Alien (NRA) tax compliance system that foreign visitors can use to provide their immigrant and tax data to the University of Utah via the internet 24 hours a day. GLACIER helps determine tax residency, withholding rates and income tax treaty eligibility. GLACIER also manages NRA's paperwork, maintains NRA's data and prepares tax forms and required statements.

Foreign visitors who are not U.S. Citizens, Permanent Residents receiving payment(s) from the University of Utah are required to complete a GLACIER record:

- Enter information into GLACIER within seven (7) days of receipt of the email from [support@online-tax.net](mailto:support@online-tax.net) (this is not spam).
- Print, review, sign and date all forms (Tax Summary Report, W-8 Ben, 8233, etc.) created by GLACIER.
- Forward signed forms with the required tax documents as instructed on page two (2) of the Tax Summary Report.

### Frequently used visa types:

B-1 Business visitor  
 B-2 Tourist visitor  
 WB Business visitor (through visa waiver program)  
 WT Tourist visitor (through visa waiver program)  
 J-1 Exchange visitor can pay consultants and independent contractors

### B-1/B-2

#### WB/WT Visa Visitors:

Visa Waiver Program (VWP) [http://www.esta.us/visa\\_waiver\\_countries.html](http://www.esta.us/visa_waiver_countries.html) WB/WT is issued to an individual from a designated country participating in the Visa Waiver Program.

<b>Andorra</b>		<b>Iceland</b>		<b>Portugal</b>
<b>Australia</b>		<b>Ireland</b>		<b>San Marino</b>
<b>Austria</b>		<b>Italy</b>		<b>Singapore</b>
<b>Belgium</b>		<b>Japan</b>		<b>Slovakia</b>
<b>Brunei</b>		<b>Latvia</b>		<b>Slovenia</b>
<b>Czech Republic</b>		<b>Liechtenstein</b>		<b>South Korea</b>
<b>Denmark</b>		<b>Lithuania</b>		<b>Spain</b>
<b>Estonia</b>		<b>Luxembourg</b>		<b>Sweden</b>
<b>Finland</b>		<b>Malta</b>		<b>Switzerland</b>
<b>France</b>		<b>Monaco</b>		<b>United Kingdom</b>
<b>Germany</b>		<b>Netherlands</b>		* (England, Northern Ireland,
<b>Greece</b>		<b>New Zealand</b>		Scotland and Wales)
<b>Hungary</b>		<b>Norway</b>		<b>Taiwan</b>

What is ESTA? ESTA stands for *Electronic System for Travel Authorization*. ESTA is an online application system developed by the United States government to pre-screen travelers before they are allowed to board an airplane or ship bound for the United States. Starting on January 12, 2009, any person entering the United States under the visa waiver program is required to hold an approved ESTA Travel Authorization.

Who Needs to Apply for ESTA? All travelers entering the United States (by air or sea) under the visa waiver program are required to hold a valid ESTA travel authorization. The purpose of ESTA is to allow DHS to pre-screen all Visa Waiver Travelers before they leave their respective countries. U.S.-bound travelers are recommended to apply for a Travel Authorization at least 72 hours prior to departure.

What is the Visa Waiver Program? The visa waiver program is a U.S. government program that enables citizens and nationals from the 37 Visa Waiver Countries to enter the United States for tourism or business purposes for up to 90 days without obtaining a visa. The advantage of entering the United States under the visa waiver program is that you can travel to the United States on short notice without obtaining a visa.

Canadian individuals are now required to show their passport when they enter the United States. They are considered the same as the B-1/B-2 visa holder unless they enter on a specific visa type.

### **Honorarium/ Guest Lecturer:**

Honorarium or Guest Lecturer payments on a B-1/B-2 or WB/WT visa require the completion of the Form "Certification of Academic Activity". The individual must certify that they have not accepted Honoraria (or Guest Lecture fees) and/or incidental expense reimburses from more than four institutions of higher education during the past six months or have their activity at that institution exceed nine days.

### **Required documents to pay an Honorarium/ a Guest Lecturer:**

U.S.SSN/U.S.ITIN/Foreign Tax Id No. and Tax Treaty Benefit: *No withholding*

1. Glacier Forms, and
2. Copy of Passport, Visa, and I-94.

U.S.SSN/U.S.ITIN/Foreign Tax Id No. and **no** Tax Treaty Benefit: *Required 30% withholding*

1. Glacier Forms, and
2. Copy of Passport, Visa, and I-94.

**No** U.S.SSN/U.S.ITIN/Foreign Tax Id No.: *Required 30% withholding*

1. Glacier Forms, and
2. Copy of Passport, Visa, and I-94.

### **Independent contractors/ Consultants:**

Independent contractors: Individuals who render a service and meet contractor conditions established by the IRS. They typically have a separate workplace, are not supervised, and have a particular set of skills not available elsewhere within the organization. They are not entitled to employee benefits and are not covered by workers' compensation.

Consultants: Independent contractors who more specifically provide professional advice. They usually have a separate skill or expertise not available within the University, and the need for their services commonly does not extend beyond a limited period of time in which to complete a specifically defined project.

### **J-1 Visa:**

A J-1, exchange visitor visa, is required for Consultants or Independent Contractors to perform services in the United States. To receive a J-1 visa must be sponsored by an institution or agency. **Non University of Utah sponsored J-1 visa holders must also provide a letter of permission from their sponsor that allows them to be paid by the University of Utah.**

### **Required documents to pay an Independent Contractor:**

U.S.SSN/U.S.ITIN/Foreign Tax Id No. and Tax Treaty Benefit: *No withholding*

3. Glacier Forms, and
4. Copy of Passport, Visa, and I-94.

U.S.SSN/U.S.ITIN/Foreign Tax Id No. and **no** Tax Treaty Benefit: *Required 30% withholding*

3. Glacier Forms, and
4. Copy of Passport, Visa, and I-94.

**No** U.S.SSN/U.S.ITIN/Foreign Tax Id No.: *Required 30% withholding*

3. Glacier Forms, and
4. Copy of Passport, Visa, and I-94.

## **Royalty**

A royalty is income derived from the use of someone else's work or intellectual property. According to the IRS, tax must be withheld on the payment of royalties from sources in the United States. However, certain types of royalties are given reduced rates or exemptions under some tax treaties. The royalty article applies to both individuals and entities.

Royalty Categories:

- Industrial Royalties -- includes royalties for the use of, or the right to use, patents, trademarks, secret processes and formulas, goodwill, franchises, "know-how," and similar rights. It also may include rents for the use or lease of personal property.
- Copyright Royalties -- includes royalties paid for the use of copyrights on books, periodicals, articles, etc.,

**Required documents:** Glacier Forms and/or copy of Passport, Visa, and I-94.

Tax Treaties:

Many countries have negotiated tax treaties with the United States. Treaty provisions vary by country and by the type of payment. Treaties will often be re-negotiated and lose some of their benefits. To receive tax treaty benefits the individual must have a U.S. SSN, a U.S. ITIN, or a foreign tax ID and there must be a treaty article covering that type of payment. They also must have a visa that allows the treaty benefit. The existence of a tax treaty does not automatically ensure an exemption from tax withholding; rather, you must meet the requirements for the exemption outlined in the tax treaty and provide all required GLACIER forms and Immigration documents listed on their Tax Summary Report.

*\*Please note that an individual can either take the treaty benefits with the University of Utah or on their own tax returns at in the following year. In other words, if the University of Utah cannot facilitate a tax treaty due to some requirements are not met; the individual can claim it in their tax returns.*

Social Security number:

Many foreign individuals have Social Security Numbers. They will use that same SSN for the rest of their lives, the same as a U.S. individual. This number does not expire.

Foreign Tax ID Number:

Foreign individuals in certain cases can use Foreign Tax ID Number to claim tax treaty exemption.

For this type of payment only the J-1 visa holder may apply for a Social Security Number. They must apply in person at the Social Security Office. It may take several weeks for the SSN to be issued. All of the visitor's information must be cleared through the Department of Homeland Security. The B-1/B-2 WB/WT visa types may apply for an Individual Taxpayer Identification Number. The IRS Form W-7 is completed by the individual and sent to the IRS along with the required documents included in the instructions. If an individual qualifies to receive a SSN, they cannot apply for an ITIN.

Prizes and Awards:

Usually tax treaties do not contain separate articles exempting prizes and awards from taxation.

## **Expense Reimbursements**

Payments made to, or on behalf of an NRA for the purpose of reimbursing travel and lodging expenses are not reportable to the IRS on the condition that accountable plan rules are met. The benefits of this IRS position are that if "Accountable Plan" rules are followed:

1. The NRA is not required to provide a taxpayer identification number
2. The NRA is not required to file Form 8233 to eliminate withholding tax if the NRA is from a treaty country
3. There is no withholding required on travel expense reimbursements even if the NRA is not from a treaty country: and
4. The University is not required to report travel expense reimbursements for NRAs to the IRS

The requirements of the Accountable Plan rules are found in Treasury Regulation 1.62-2; and they require that the payee must:

1. Establish the business purpose and connection of the expenses
2. Substantiate the expenses claimed to the payer within a reasonable time period; and
3. Return any amounts to the payer, which are over the amount of the substantiated expenses within a reasonable period of time.

Amounts which are over the amount of the substantiated expenses, or which are not accounted for within a reasonable time period, are reportable to the IRS on Forms 1042S and are subject IRC Section 1441 withholding (generally 30%).

Documents required for a travel reimbursement to a nonresident alien:

- \* Copy of their visa
- \* Travel receipt